

VZCZCXRO0686
PP RUEHAO RUEHCD RUEHGA RUEHGD RUEHHA RUEHHO RUEHMC RUEHNG RUEHNL
RUEHQU RUEHRD RUEHRG RUEHRS RUEHTM RUEHVC
DE RUEHCV #0583/01 1201211
ZNY CCCCC ZZH
P 291211Z APR 08
FM AMEMBASSY CARACAS
TO RUEHC/SECSTATE WASHDC PRIORITY 1029
INFO RUEHWH/WESTERN HEMISPHERIC AFFAIRS DIPL POSTS
RUEHBO/AMEMBASSY BOGOTA 7771
RUEHLP/AMEMBASSY LA PAZ 2740
RUEHPE/AMEMBASSY LIMA 1016
RUEHQT/AMEMBASSY QUITO 2831
RUCPDO/DEPT OF COMMERCE
RUEATR/DEPT OF TREASURY
RUMIAAA/HQ USSOUTHCOM MIAMI FL

C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 000583

SIPDIS

SIPDIS

HQ SOUTHCOM ALSO FOR POLAD
TREASURY FOR MMALLOY
COMMERCE FOR 4431/MAC/WH/MCAMERON

E.O. 12958: DECL: 04/24/2018
TAGS: [EAGR](#) [ECON](#) [PGOV](#) [VE](#)
SUBJECT: VENEZUELAN AVIATION UPDATE

REF: CARACAS 502

Classified By: Acting Economic Counselor Shawn Flatt for reasons 1.5
(b) and (d).

¶1. (C) Summary: Sources within the Venezuelan airline industry report that once again, Venezuela's civil aviation authority, INAC, is facing change. Less than two months after INAC's restructuring, American Airlines reports the BRV is creating a new office to supervise INAC. The office will likely be headed by a former INAC President who is generally viewed as sympathetic to TSA inspections. INAC's relations with American Airlines and the USG remain strained. End Summary.

TSA INSPECTION PROPONENT TO SUPERVISE INAC?

SIPDIS

¶2. (C) On April 24, Econoffs met with the Country Manager for American Airlines (AA) Omar Nottaro (strictly protect throughout.) Since March 2008, INAC reports directly to the Central Planning Commission, which consists of eight ministers led by the Venezuelan Vice President (reftel.) Nottaro believes the BRV is creating a new supervisory layer between the Central Planning Commission and INAC. Industry sources told Nottaro that current INAC president, retired Air Force Captain Jose Martinez Bravo, will continue as president of INAC, but that INAC will be supervised by a new office led by former INAC president General Giuseppe Angelo Yoffreda Yorio. Yoffreda's office will report directly to the Central Planning Commission.

¶3. (C) Nottaro stated Yoffreda was open to industry overtures during his tenure at INAC, and Yoffreda should be more open to TSA inspections than Bravo. However, Nottaro said Yoffreda may have changed over the years, and may run the new office according to Chavez' dictates. Nottaro reported that AA is actively seeking Venezuelan Ambassador to the US Bernardo Alvarez' support for TSA inspections.

¶4. (C) On April 22, Econoff met US General Operations Manager Victor Ruiz (strictly protect throughout) of the Venezuelan airline Avior. Ruiz, a proponent of TSA inspections, planned to meet with Bravo on April 24 and promised to report back on

what Bravo has to say about TSA inspections. (Note: We are still waiting to hear from Bravo. End Note.) Ruiz believes Bravo is too junior to be effective and will be replaced by Yoffreda within two months. Ruiz also viewed the more senior Yoffreda as sympathetic to TSA inspections, stating that Yoffreda was about to approve the TSA request when he was removed from office.

AMERICAN AIRLINES VS. INAC AND CADIVI

15. (C) American Airlines is still awaiting INAC approval for the long-promised Valencia-Miami route, as well as permission to seasonally increase flights on its existing Caracas-New York route. In February 2007, AA received Venezuelan legal and safety approval to launch a route from Valencia to Miami. However, the Minister of Infrastructure never signed off on the route. Now that INAC is under the Central Planning Commission, AA is waiting to determine its next steps in its campaign for the Valencia-Miami route.

16. (C) AA also continues to lobby INAC for more flights to New York during the busy summer months. In the past, INAC allowed AA to increase flights to New York from two a week to five during the summer. In June 2007, INAC unexpectedly revoked this permission, giving AA only four days to re-book hundreds of passengers. AA continues to argue for the re-instatement of additional flights during high season.

17. (C) AA also faces problems with CADIVI, the BRV foreign exchange agency. In a recent meeting with CADIVI, Venezuelan airlines such as Santa Barbara complained that the vast majority of CADIVI's dollars in the airline sector go to international carriers due to the current airline tax structure. The number one recipient of dollars is American

CARACAS 00000583 002 OF 002

Airlines. AA generates more revenue within Venezuela, and therefore needs more dollars, than all of the domestic Venezuelan carriers combined. Nottaro believes that Venezuelan airlines are now lobbying CADIVI to cut the amount of foreign currency it has been allocating to AA.

USG RELATIONS WITH INAC

18. (C) Embassy relations with INAC remain unchanged. In April, Econoffs attempted to schedule a meeting with Bravo, but were again rebuffed with Bravo's office saying they will inform the Embassy when there is an opening in his schedule. Nottaro told Econoffs that AA has tried to get a meeting with the INAC president for the past 3 weeks without success. Nottaro stated he polled other companies at a recent airline association meeting and none of them had been able to secure a meeting with Bravo.

19. (C) In February 2008 Post submitted a diplomatic note, which re-transmitted the March 2007 TSA request for inspections. An Embassy Ministry of Foreign Affairs contact told Econ specialist that she is "embarrassed" that INAC has not responded to the request, or previous TSA's requests.

110. (C) On April 18, Post submitted an additional diplomatic note transmitting a TSA request that INAC contact TSA regarding Venezuela's recent International Aviation Waiver violations. Several Venezuelan aircraft have violated International Aviation Waiver requirements this year by arriving at US airports without prior notification. Post will continue to follow up on TSA's request for inspections, as well as their request for dialogue on Venezuela's aviation violations.

DUDDY